

**LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

301 State House
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FISCAL IMPACT STATEMENT

LS 7206

BILL NUMBER: HB 1419

DATE PREPARED: Jan 30, 2001

BILL AMENDED: Jan 29, 2001

SUBJECT: Education Funding.

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FUNDS AFFECTED: X GENERAL
DEDICATED
FEDERAL

IMPACT: State & Local

STATE IMPACT	FY 2001	FY 2002	FY 2003
State Revenues			1,700,000
State Expenditures		17,000,000	
Net Increase (Decrease)		(17,000,000)	1,700,000

LOCAL IMPACT	CY 2001	CY 2002	CY 2003
Local Revenues	17,000,000		
Local Expenditures		1,700,000	1,700,000
Net Increase (Decrease)	17,000,000	(1,700,000)	(1,700,000)

Summary of Legislation: (Amended) This bill provides a no interest loan payable in 10 equal installments over 10 years to a school corporation that is equal to the difference between: (1) the amount of the school corporation's state tuition support for 2001 as calculated under the state tuition support worksheet provided by the Department of Education in July 2000, but using the most recent version of the data required by the worksheet; and (2) the amount of state tuition support the school corporation is entitled to receive for 2001 under state statute. It specifies that the loan may not be considered in determining the school corporation's state tuition support or general fund property tax rate.

Effective Date: Upon passage.

Explanation of State Expenditures: (Revised) The Department of Education (DOE) holds a budget

workshop in the spring of each calendar year. At the workshop DOE distributes tuition support worksheets, based on the current tuition support law, that show how each school's tuition support and property tax levy is calculated using estimated data. The worksheets distributed in June 2000 contained an inaccuracy, which was discovered later. Some schools may have used the DOE figures to build their CY 2001 budget. Not all the data needed to calculate the CY 2001 state tuition support is currently available. The figures in the State table, above, include estimates of the special education count, CY 2000 Auto Excise Tax collections, and CY 2000 Financial Institution Tax collections. Based on the most current available data, about 123 schools would receive a loan. The actual impact should be known around March 2001. The bill appropriates funds necessary to fund the loan.

The impact for FY 2002 is the loan of \$17 M to local schools. Schools would repay the loan over 10 years. The annual payment would be about \$1.7 M per year. The impact for FY 2003 reflects the first installment of the loan repayment.

The fiscal note will be updated when the actual figures become available.

Explanation of State Revenues:

Explanation of Local Expenditures:

Explanation of Local Revenues: Schools would repay the loan from existing revenue sources.

State Agencies Affected: Department of Education, State Board of Tax Commissioners.

Local Agencies Affected: Local Schools.

Information Sources: Department of Education databases.